



Challenging the Norm While Mitigating Risk:

Rethinking the Implementation Delivery Model

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In last month's *Insights*, we talked about some of the ways our healthcare IT world is changing and outlined a new approach to better address this new environment, with less risk and at lower cost. The IT services delivery model we proposed exploits the respective strengths of IT organizations, vendors, consulting firms, and outsourcers in new ways that allow your organization to control costs and focus both on strategic initiatives and constituent-facing activities that develop the strong bonds that will support you through the inevitable bumps in the road.

This month, I'd like to expand on that brief overview by taking a closer look at our proposed approach to implementing new healthcare IT systems and suggesting how the new model can improve your implementation track record.

Traditionally, CIOs have been challenged to consider cost, speed, and functionality—with at least two of those goals achievable only at the expense of the third. Since previous project scopes were smaller, the impact of budget overruns, missed due dates, or failure to deliver the promised functionality was not as detrimental. Adding resources could often rectify the situation. But today, project funding requirements are much more extensive, project scopes are much wider, and expectations are much greater. Perhaps the biggest change is that your board of directors has taken a much keener interest and wants to know what it got for the huge investments it is now making in IT. The spotlight is clearly on the CIO's performance and ability to deliver maximum value—on time and under budget.

The conventional approach to sourcing a large IT project generally includes some combination of on-site consulting services, vendor services, and your own internal IT staff. Every organization has its own style and approach to combining these resources, with some leaning more heavily on consultants to fill roles that include leadership of the initiative, while others partner solely with their vendors. Still others emphasize the 'do-it-yourself' approach, and depend on the vendor to assist only with installation of the software and development of training classes. In most if not all instances, we rely on traveling experts from the vendor or consulting firms to come on-site and work side by side with our staff. While that approach may (or may not) deliver higher quality or a speedier implementation, it is certainly very expensive, requiring a high level of logistical support that consumes precious financial resources and management time. Recently, a growing



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number of organizations have attempted to cut costs by using off-shore services. While that alternative may have some benefits, it often yields less than satisfactory results, for well-documented reasons.

In the past, depending on the particular situation, we've all had to settle for an approach that optimized speed, quality, or cost—even though our constituents expected us to achieve all three. Now, by rethinking the way we resource our implementations, the new IT delivery model I'm suggesting can achieve all three implementation objectives. The key to successfully applying the model is spending the time up front as part of project planning to determine which components of an IT implementation can be streamlined for optimal efficiency without compromising quality.

A hybrid approach to implementation

Consider a combination of the best that historical on-site and off-site approaches have to offer. Travel is costly both monetarily and even more importantly in lost productive time. A combination that reduces travel and retains quality while returning results more reliably and quickly would certainly be welcome: one that accomplishes repetitive tasks more efficiently off-site, at a lower cost, while still preserving the on-site expertise and valuable advice we all seek. The automobile industry is embracing hybrid approaches—why not healthcare IT? What does this hybrid implementation approach look like?

Maintaining critical client-facing activities on-site

When you invest in travel expenses, it's important to ensure that you're paying for services that require that in-person experience to be effective, such as planning and advisory services, project management, and healthcare operational know-how that can add valuable insight for your team. These resources should be experts on the product, on vendor remote build approaches, on defining implementation strategies and specifications, on process redesign, and on working effectively with you and your constituents to align the new system with your organizational objectives and anticipated benefits. There's nothing like shared experiences from multiple implementations at different organizations to optimize your learning curve and avoid major pitfalls! Effective consultants can help you assess your unique situation, document requirements, and develop design specifications. CIOs don't have the time or the money to make mistakes. On-site experts can help mitigate risk by sharing their hard-earned wisdom and battle scars with your organization. Perhaps more importantly, they can, if properly selected, help you implement a new system to effect measurable improvements as opposed to simply installing new software, which in itself will not generally deliver significant improvements.

Utilizing off-site services for technical task execution and legacy support

Once specifications are developed, many routine technical components of an implementation can be organized for off-site delivery. Eligible services include build, test, and



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integration of the new functionality and preparation of the required training material. Your staff needs to participate in some of these functions, but it's not necessary to build 600 order sets to understand how it's done. Using an off-site resource with the established methodology, tools, libraries, and processes for build components, integration, testing, training materials, and report writing, focused solely on that task, can turn around high-quality deliverables very quickly to specification and at a much lower cost than providing space and resources for expensive on-site staffing that also incurs expensive travel.

At the same time, utilizing skilled, off-site resources to support your legacy applications reduces costs by freeing your own staff to focus on the implementation and other strategic initiatives that require institutional knowledge and on-site interaction. Not only is this a less expensive approach than engaging a consultant or vendor to build your new application, it also provides the required in-house knowledge and skills for on-going support.

This same approach can address the inevitable peaks and valleys that are always a challenge. Leveraging a centralized, off-site service when volume overwhelms your staff allows you to rapidly ramp up or down rather than requiring you to maintain in-house contingency staffing. Contracts for these off-site services should feature fixed pricing and formal service level agreements to monitor progress and guarantee work.

The Benefits

Can this hybrid approach to implementation deliver improved speed and quality at a lower cost? You bet! Here are some potential benefits that an effective hybrid model could help you realize:

Higher quality:

- Leveraging the right level of expertise where and when you need it to address specific functions delivers value by *eliminating the use of on-site personnel for tasks for which they're not suited or that don't represent a good investment of their time and your consulting dollar.*
- Having routine implementation tasks performed by centralized, highly-skilled technicians with defined methodology and repeatable processes *minimizes variations in quality and avoids the frustrations and delays of re-work so often incurred with off-shore resources.*
- Performance that is monitored and reported on a routine, recurring basis through formal service level agreements *ensures that your expectations are met in a timely and complete way.* **Remember: if it's worth doing, it's worth measuring!**

Enhanced speed to value:

- Focused, off-site expertise for discrete components and tasks can turn around deliverables much faster and more reliably when travel is eliminated and standard, repeatable processes are employed to produce quality deliverables—*eliminating learning curves, time-consuming rework, and excessive ramp-up time.*



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- Centralized services and flexible resources can react more easily to peaks and valleys—*minimizing elapsed time for tasks on the critical path.*
- Centralized, off-site services can reduce team member turnover and *avoid unexpected project delays while a fully-trained staff person is recruited (or worse yet, an inexperienced replacement is assigned to the project, increasing the risk of delay and/or failure).*

Lower cost:

- Travel costs and compensation differentials can be reduced significantly compared with the 'back up the bus' approach used by many vendors and large consulting organizations, *reducing implementation services 'sticker shock.'*
- Fixing your cost for many components and tasks contractually eliminates re-work costs, decreasing *the risk of budget overruns.*
- Within the intended scope, cost overruns can be virtually eliminated for many implementation components, *reducing or eliminating the need to request additional funding from the Board.*
- Efficient centralized delivery processes reduce the required hours for delivery and the associated cost *allowing you to move funding to other pressing implementation needs.*
- Less management attention, and reduced office space and equipment requirements for on-site staffing *frees management time and money for value-producing activities.*
- Reduced overhead for recruiting, managing, housing, and equipping internal employees with hard-to-find skill sets that may be needed only during the transition *minimizes recruiting fees and associated costs as well as the time, expense, and distractions of integrating a large number of new employees into your organization.*

In summary, the conventional approaches to implementing the new and much larger and more complex applications of our changing environment will not effectively address your most pressing concerns:

- Greater expectations by your constituents and increasing Board visibility
- The need to control and reduce ever-increasing implementation costs
- The demand for results that demonstrate clear value in the promised time
- Your need to mitigate risk

CIOs are expected not only to answer the question, "What did we get for our money?", but to be able to answer it with conviction. We believe a hybrid implementation approach, as outlined above, obviates many of the problems associated with traditional implementation approaches. I urge you to step back and think about this approach and its benefits to your organization—and to you personally.

If the automobile industry can rethink its approach, why can't we?